

National Aquarium, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2020

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of functional expenses	6-7
Consolidated statements of cash flows	8
Notes to consolidated financial statements	9-26

Independent auditor's report on the supplementary information	27
---------------------------------------------------------------	----

Supplementary information	
Consolidating statements of financial position	28-29
Consolidating statements of activities	30-33



RSM US LLP

Independent Auditor's Report

Board of Directors
National Aquarium, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Aquarium, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Baltimore, Maryland
June 8, 2021

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Financial Position December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 7,387,768	\$ 9,353,124
Restricted cash	390,550	1,206,166
Promises to give, net (Note 3)	3,905,175	5,603,300
Grants receivable	368,783	496,015
Prepaid expenses	632,159	882,292
Other assets	483,347	615,545
Investments (Notes 4 and 5)	37,252,787	34,809,807
Loans receivable (Note 6)	13,613,540	13,613,540
	<u>64,034,109</u>	<u>66,579,789</u>
Property and equipment:		
Land	1,362,888	1,362,888
Furniture, fixtures and office equipment	13,366,172	12,851,950
Other equipment	15,563,742	14,631,495
Building and leasehold improvements	195,720,758	195,618,332
Construction in progress (Note 12)	1,036,283	1,235,432
	<u>227,049,843</u>	<u>225,700,097</u>
Less accumulated depreciation	(144,829,270)	(134,799,029)
Property and equipment, net	<u>82,220,573</u>	<u>90,901,068</u>
Total assets	<u>\$ 146,254,682</u>	<u>\$ 157,480,857</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (Note 12)	\$ 3,839,665	\$ 2,293,329
Accrued salaries and benefits	599,726	1,037,516
Deferred revenue	2,903,597	3,686,089
Deferred rent	566,323	437,800
Capital lease obligations, net of unamortized issuance costs (Note 7)	1,265,660	1,106,275
Interest rate swap (Notes 5 and 6)	2,125,825	714,002
Line of credit (Note 9)	3,000,000	-
Notes payable (Note 6)	4,480,500	-
New market tax credit loan, net of unamortized issuance costs (Note 6)	18,594,274	18,368,304
Bonds payable, net of unamortized issuance costs (Note 6)	29,946,041	31,703,874
Total liabilities	<u>67,321,611</u>	<u>59,347,189</u>
Commitments and contingencies (Notes 8, 9, 11, and 12)		
Net assets (Note 10):		
Without donor restrictions	66,406,225	85,077,537
With donor restrictions	12,526,846	13,056,131
Total net assets	<u>78,933,071</u>	<u>98,133,668</u>
Total liabilities and net assets	<u>\$ 146,254,682</u>	<u>\$ 157,480,857</u>

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Activities Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Admissions	\$ 10,728,751	\$ -	\$ 10,728,751
Contributions and grants	6,378,928	762,458	7,141,386
General and corporate membership programs	3,506,050	-	3,506,050
Education program	311,003	-	311,003
Group sales	344,442	-	344,442
Gift shop and food service	662,826	-	662,826
Auxiliary	657,817	-	657,817
Catered events	229,933	-	229,933
Net assets released from restrictions (Note 10):			
Satisfaction of program restrictions	1,849,674	(1,849,674)	-
Satisfaction of equipment acquisition restrictions	284,184	(284,184)	-
Total revenue, gains and other support	24,953,608	(1,371,400)	23,582,208
Expenses:			
Programs:			
Aquarium experience	26,274,587	-	26,274,587
Conservation and education	5,389,527	-	5,389,527
Total program expenses	31,664,114	-	31,664,114
Supporting services:			
General and administrative	4,797,133	-	4,797,133
Fundraising and membership	4,945,394	-	4,945,394
Advertising and promotions	3,392,574	-	3,392,574
Total supporting services expenses	13,135,101	-	13,135,101
Total expenses	44,799,215	-	44,799,215
Change in net assets before other financial items	(19,845,607)	(1,371,400)	(21,217,007)
Investment income, net (Note 4)	4,133,942	842,115	4,976,057
Loss on interest rate swap contract (Note 6)	(1,411,823)	-	(1,411,823)
Debt service (Note 6)	(1,559,739)	-	(1,559,739)
Gain on disposition of property	11,915	-	11,915
Loss on extinguishment of interest rate swap contract (Notes 5 and 6)	-	-	-
Loss on extinguishment of debt (Note 6)	-	-	-
Total other financial items	1,174,295	842,115	2,016,410
Change in net assets	(18,671,312)	(529,285)	(19,200,597)
Net assets:			
Beginning	85,077,537	13,056,131	98,133,668
Ending	\$ 66,406,225	\$ 12,526,846	\$ 78,933,071

See notes to consolidated financial statements.

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ 24,621,367	\$ -	\$ 24,621,367
5,558,632	7,116,606	12,675,238
5,254,743	-	5,254,743
1,776,764	-	1,776,764
1,716,021	-	1,716,021
1,857,170	-	1,857,170
1,886,371	-	1,886,371
645,780	-	645,780
2,272,925	(2,272,925)	-
471,410	(471,410)	-
46,061,183	4,372,271	50,433,454
29,978,792	-	29,978,792
7,121,137	-	7,121,137
37,099,929	-	37,099,929
4,950,036	-	4,950,036
5,280,948	-	5,280,948
3,484,000	-	3,484,000
13,714,984	-	13,714,984
50,814,913	-	50,814,913
(4,753,730)	4,372,271	(381,459)
5,267,960	1,011,981	6,279,941
(573,865)	-	(573,865)
(1,696,491)	-	(1,696,491)
162,899	-	162,899
(525,166)	-	(525,166)
(536,106)	-	(536,106)
2,099,231	1,011,981	3,111,212
(2,654,499)	5,384,252	2,729,753
87,732,036	7,671,879	95,403,915
\$ 85,077,537	\$ 13,056,131	\$ 98,133,668

National Aquarium, Inc. and Subsidiaries

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2020**

	Programmatic Expenses			Support Expenses				Total
	Aquarium Experience	Conservation and Education	Total Programmatic Expenses	Fundraising and Membership	General and Administrative	Advertising and Promotions	Total Support Expenses	
Salary and wages	\$ 8,971,501	\$ 2,334,971	\$ 11,306,472	\$ 2,355,485	\$ 1,534,607	\$ 220,506	\$ 4,110,598	\$ 15,417,070
Benefits	415,073	187,199	602,272	336,756	1,552,880	69,174	1,958,810	2,561,082
Advertising and promotion	51,652	52,376	104,028	71,511	6,385	2,859,957	2,937,853	3,041,881
Charitable contributions	1,125	62,927	64,052	1,575	375	450	2,400	66,452
Conferences, conventions and meetings	12,694	7,923	20,617	689	-	226	915	21,532
Dues and subscriptions	452,198	109,666	561,864	106,073	193,905	12,939	312,917	874,781
Insurance	350,695	95,284	445,979	47,642	37,055	-	84,697	530,676
Bank and credit card fees	227,064	61,226	288,290	31,912	30,248	64	62,224	350,514
Miscellaneous expense	9,117	6,595	15,712	15,492	10,710	496	26,698	42,410
Occupancy	3,585,147	148,871	3,734,018	74,435	57,894	-	132,329	3,866,347
Office supplies	287,890	78,274	366,164	54,241	83,414	4,910	142,565	508,729
Professional fees	558,216	59,853	618,069	863,982	343,872	218,524	1,426,378	2,044,447
Program expenses	1,332,196	293,480	1,625,676	2,649	54,953	558	58,160	1,683,836
Travel expenses	99,716	39,441	139,157	6,747	16,789	869	24,405	163,562
Contract services	2,937,605	115,892	3,053,497	108,523	197,501	3,901	309,925	3,363,422
Taxes	6,478	2,002	8,480	908	2,388	-	3,296	11,776
Depreciation	6,976,220	1,733,547	8,709,767	866,774	674,157	-	1,540,931	10,250,698
	\$ 26,274,587	\$ 5,389,527	\$ 31,664,114	\$ 4,945,394	\$ 4,797,133	\$ 3,392,574	\$ 13,135,101	\$ 44,799,215

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses Year Ended December 31, 2019

	Programmatic Expenses			Support Expenses				Total
	Aquarium Experience	Conservation and Education	Total Programmatic Expenses	Fundraising and Membership	General and Administrative	Advertising and Promotions	Total Support Expenses	
Salary and wages	\$ 9,423,533	\$ 2,917,369	\$ 12,340,902	\$ 2,366,243	\$ 1,719,394	\$ 216,598	\$ 4,302,235	\$ 16,643,137
Benefits	1,193,780	416,634	1,610,414	393,356	1,165,826	51,215	1,610,397	3,220,811
Advertising and promotion	119,787	113,527	233,314	158,334	15,414	2,973,394	3,147,142	3,380,456
Charitable contributions	1,664	45,825	47,489	1,050	898	300	2,248	49,737
Conferences, conventions and meetings	34,172	16,734	50,906	6,695	28,493	2,525	37,713	88,619
Dues and subscriptions	476,019	94,876	570,895	87,303	193,440	11,148	291,891	862,786
Insurance	314,985	85,544	400,529	42,772	33,268	-	76,040	476,569
Bank and credit card fees	440,704	115,772	556,476	62,102	302,879	-	364,981	921,457
Miscellaneous expense	36,309	65,331	101,640	93,710	30,967	2,708	127,385	229,025
Occupancy	3,790,598	131,140	3,921,738	65,570	51,779	-	117,349	4,039,087
Office supplies	560,000	155,484	715,484	189,300	100,464	27,105	316,869	1,032,353
Professional fees	1,363,593	150,428	1,514,021	670,939	326,893	179,631	1,177,463	2,691,484
Program expenses	1,415,524	441,631	1,857,155	5,955	47,989	602	54,546	1,911,701
Travel expenses	239,490	254,033	493,523	57,041	24,227	13,758	95,026	588,549
Contract services	3,064,208	239,205	3,303,413	141,776	277,153	5,016	423,945	3,727,358
Taxes	80,246	21,885	102,131	10,943	(90,717)	-	(79,774)	22,357
Depreciation	7,424,180	1,855,719	9,279,899	927,859	721,669	-	1,649,528	10,929,427
	<u>\$ 29,978,792</u>	<u>\$ 7,121,137</u>	<u>\$ 37,099,929</u>	<u>\$ 5,280,948</u>	<u>\$ 4,950,036</u>	<u>\$ 3,484,000</u>	<u>\$ 13,714,984</u>	<u>\$ 50,814,913</u>

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (19,200,597)	\$ 2,729,753
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	10,250,698	10,929,427
Amortization of new market tax credit loan issuance costs	225,970	225,970
Amortization of capital lease and issuance costs	192,031	44,185
Amortization of bond issue costs	2,717	6,706
Gain on disposition of property	(11,915)	(162,899)
Loss on extinguishment of debt issuance costs	-	115,746
Loss on extinguishment of interest rate swap contract	-	525,166
Loss on interest rate swap agreement	1,411,823	714,002
(Decrease) increase in discount on promises to give	(62,011)	42,817
Net realized and unrealized gain of investments	(4,388,822)	(5,499,461)
Contributions restricted to long-term investment	(705,487)	(4,269,169)
Deferred rent	128,523	(89,371)
Changes in assets and liabilities:		
Decrease (increase) in:		
Promises to give	1,760,136	(4,283,312)
Grants receivable	127,232	(130,418)
Prepaid expenses	250,133	625,183
Other assets	132,198	(110,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,418,254	648,580
Accrued salaries and benefits	(437,790)	(82,252)
Deferred revenue	(782,492)	(157,413)
Net cash (used in) provided by operating activities	(9,689,399)	1,822,990
Cash flows from investing activities:		
Purchases of property and equipment	(1,445,205)	(2,621,985)
Proceeds from disposition of property	11,915	162,899
Purchases of investments	(4,752,769)	(2,709,766)
Proceeds from sale of investments	6,698,611	3,223,615
Net cash provided by (used in) investing activities	512,552	(1,945,237)
Cash flows from financing activities:		
Contributions restricted to long-term investments	705,487	4,269,169
Principal payments on bond payable	(1,760,550)	(1,694,924)
Proceeds from notes payable	4,480,500	(208,873)
Proceeds from line of credit	3,000,000	-
Principal payments on capital lease obligation	(29,562)	(3,004,051)
Proceeds from bonds payable	-	32,609,000
Debt issuance costs	-	(40,761)
Settlement of interest rate swap	-	(140,137)
Extinguishment of interest rate swap contract	-	(525,166)
Repayment of bond payable	-	(13,591,733)
Repayment of note payable	-	(16,691,037)
Net cash provided by financing activities	6,395,875	981,487
Net (decrease) increase in cash and cash equivalents	(2,780,972)	859,240
Cash, cash equivalents and restricted cash:		
Beginning	10,559,290	9,700,050
Ending	\$ 7,778,318	\$ 10,559,290
Supplemental disclosure of cash flow information:		
Cash paid for interest for long-term debt and capital lease	\$ 1,284,696	\$ 1,441,882
Supplemental schedule of noncash investing and financing activities:		
Property and equipment purchases in accounts payable and accrued expenses	\$ 271,000	\$ 142,918

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium) is a nonprofit corporation that operates and manages an aquarium and centers for the study of marine sciences in Baltimore, Maryland and provides recreational and educational facilities for its guests. The Aquarium is comprised of four entities: National Aquarium, Inc. (NA), National Aquarium Foundation, Inc. (the Foundation), ACRC Lender, LLC (Lender) and ACRC Lessor, Inc. (Lessor).

A summary of the Aquarium's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of NA, the Foundation, Lender and Lessor. All intercompany accounts and transactions were eliminated for consolidation purposes.

Basis of presentation: The Aquarium is required to report information regarding its consolidated financial position and activities according to the following classes of net assets:

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are the net assets that are contributions and endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of the Aquarium pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Support and revenue – program: The Aquarium performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Aquarium is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. If certain criteria is not met, the revenue is recognized at a point in time.

Membership revenue is recognized ratably over the term of the membership. Prepayments are recorded as deferred revenue when received.

Admissions, group sales, and education revenue is recognized on the date of admission. Prepayments are recorded as deferred revenue when received.

Auxiliary revenue consists of attendance related items, visitor photos, locker rental and revenue, in addition to sponsorship and miscellaneous income. Auxiliary revenue is recognized when the service is provided.

Commission revenue from gift shop and food sales are recorded in the month the sales occur.

The Aquarium has entered into several contracts and grants with federal and state agencies under a cost reimbursable billing arrangement. Revenue is recognized as costs qualified under the grants are incurred. Grant funds received in excess of costs incurred are recorded as deferred revenue until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition on contracts and grants deemed to be non-exchange transactions will follow contribution accounting described below:

The revenue streams noted above do not include significant financing components as the performance obligations are typically satisfied within one year of receipt of payment. Economic downturns can affect the level of revenues for all of the revenue streams or can have a positive impact on cash flows in good economic times.

Support and revenue – contributions: Unconditional contributions of cash and other assets received, including grants and contracts deemed to be non-exchange transactions, are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions are those contributions that contain donor imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

The Aquarium reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Aquarium reports expirations of donor restrictions when the donated long-lived assets are placed in service or the acquired long-lived assets are purchased.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Promises to give are carried at the present value of expected future cash flows computed using a discount rate based on the daily treasury yield curve rate as of December 31, 2020. Amortization of the discount is included in contributions and grants revenue.

Volunteer services: The Aquarium utilizes a volunteer program that incorporates extensive training protocols to meet various operational needs. The fair value of these volunteer services is recognized as contribution revenue and the applicable expense in the accompanying consolidated financial statements. During the years ended December 31, 2020 and 2019, the fair value of contributed services meeting the requirements for recognition in the consolidated financial statements was \$410,181 and \$989,318, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Aquarium. In total, the Aquarium receives more than 90,000 volunteer hours per year.

Cash and cash equivalents: Cash and cash equivalents consist of cash and funds deposited in a money market fund and temporary investments with a maturity of three months or less. Cash equivalents held temporarily in the investment portfolio are reported with investments.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows as of December 31:

	2020	2019
Cash	\$ 7,387,768	\$ 9,353,124
Unspent debt proceeds and required reserves	390,550	1,206,166
Cash, restricted cash and cash equivalents	<u>\$ 7,778,318</u>	<u>\$ 10,559,290</u>

Restricted cash represents unspent debt proceeds and required reserves.

Financial risk: The Aquarium maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. Management considers this to be a normal business risk.

Debt issuance costs: Debt issuance costs are capitalized and amortized over the life of the related debt. Bond issuance costs, net of accumulated amortization of \$36,459 and \$39,176 as of December 31, 2020 and 2019, respectively, are included in bonds payable on the consolidated statements of financial position. New market tax credit loan issuance costs of \$809,726 and \$1,035,696 as of December 31, 2020 and 2019, respectively, are included in new market tax credit loan on the consolidated statements of financial position. Amortization expense was \$228,687 and \$232,676 for the years ended December 31, 2020 and 2019, respectively, and is included with debt service expense on the consolidated statements of activities.

Prepaid expenses: Cash outlays for expenses relating to future years are included in prepaid expenses and will be recognized in the years in which the expense is incurred.

Investments: Investments are recorded at fair value based on closing values on the last trading day of the year. The Foundation invests in a portfolio that includes mutual funds, equities and hedge funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to the changes in value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Property and equipment: Expenditures made by the Aquarium for portions of capital projects, which the Aquarium will own, are included in property and equipment at cost, if purchased, or at their fair value at the date of the gift, if donated. Expenditures made by the City of Baltimore (the City) for capital projects are not included in the Aquarium's consolidated financial statements because those assets are owned by the City.

Management's estimate of the cost of construction of all aquarium buildings in the City, including renovations/improvements made subsequently, was \$236,936,461 and \$236,884,210 as of December 31, 2020 and 2019, respectively. Of this amount, \$192,290,461 and \$192,238,210 has been capitalized in the accompanying consolidated statements of financial position as of December 31, 2020 and 2019, respectively. The remaining amount is not capitalized in the accompanying consolidated financial statements as it pertains to assets paid for and owned by the City (see Note 8).

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

All other property and equipment are the property of the Aquarium and, accordingly, are included in the accompanying consolidated financial statements.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	30
Building improvements and exhibits	10
Exhibits, lab and AV equipment	5
Vehicles	5
IT equipment and software (excluding SAAS)	3
Furniture and fixtures	3
Leasehold improvements	*

* Leasehold improvements are depreciated over the shorter of the useful life of the asset or the remaining term of the lease.

Valuation of long-lived assets: The Aquarium accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Property, Plant and Equipment that address Impairment or Disposal of Long-Lived Assets. The accounting standard requires that property, plant and equipment and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred rent: Rents on operating leases are reported whereby total rent expense under the leases is charged to operations on a straight-line basis over the term of the related leases. The difference between rent expense and lease payments is accounted for as deferred rent.

Advertising: Advertising costs are expensed as incurred and were \$2,280,522 and \$3,917,238 for the years ended December 31, 2020 and 2019, respectively.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, information technology, depreciation, and amortization, which are allocated on full-time equivalent employees, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance and other, which are allocated on the basis of estimates of time and effort and full-time equivalent employees.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: The Aquarium and its subsidiaries are generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Aquarium and its subsidiaries qualify for charitable contribution deductions under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Aquarium had no net unrelated business income for the years ended December 31, 2020 and 2019.

Management has evaluated the Aquarium's tax positions and has concluded that the Aquarium has taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Generally, the Aquarium is no longer subject to income tax examinations for the U.S. federal, state or local tax authorities for years before 2017.

Interest rate swap agreement: The Aquarium recognizes all derivative financial instruments in the financial statements at their fair value. The Aquarium participates in an interest rate swap contract that is considered a derivative financial instrument. Changes in the fair value of the derivative financial instrument are recognized in the consolidated statements of activities as gain (loss) on interest rate swap contract.

Use of estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires that lessees recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. The new standard is effective for the Aquarium for fiscal year beginning January 1, 2022. The adoption of this standard is expected to result in the Aquarium recognizing right-of-use asset and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Aquarium's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance will be effective for the Aquarium's fiscal year beginning January 1, 2022. The Aquarium is in the process of evaluating the impact of this new guidance on the consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantine in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. The Aquarium was forced to close per government mandate in March 2020. The Aquarium reopened at limited capacity in July 2020 through the end of the year. It is unknown how long these conditions will last and what the complete financial effect will be on the Aquarium. The extent of the impact of COVID-19 on the Aquarium’s operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19.

Subsequent events: The Aquarium has evaluated subsequent events through June 8, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

The Aquarium is supported primarily by program revenues, including admissions and admissions-related revenues, as well as annual membership revenues. Grant funds are received mostly on the reimbursement method. Additional operating support comes from: (a) annual distributions on endowment and restricted investment assets, (b) as approved on a case-by-case basis by the Aquarium’s Board of Directors (Board), additional distributions from unrestricted investment assets, and (c) draws on the available line of credit.

Historical operating revenues in excess of operating expenses are instrumental in maintaining short-term liquidity.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020 and 2019, are as follows:

	2020	2019
Cash and cash equivalents	\$ 7,778,318	\$ 10,559,290
Promises to give, net	3,905,175	5,603,300
Grants receivable	368,783	496,015
Accounts receivable	302,625	481,924
Investments	37,252,787	34,809,807
Total financial assets	<u>49,607,688</u>	<u>51,950,336</u>
Less:		
Refundable advances	773,518	926,571
Donor restricted endowments	5,634,888	5,059,224
Restrictions by donor with time or purpose restrictions	6,891,958	7,996,907
Fee reserve for new markets tax credit financings	163,523	1,206,166
Bank required amounts set aside for liquidity reserve	20,000,000	20,000,000
	<u>33,463,887</u>	<u>35,188,868</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,143,801</u>	<u>\$ 16,761,468</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Promises to Give

Included in promises to give are the following unconditional promises to give at December 31, 2020 and 2019:

	2020	2019
Capital campaign	\$ 783,594	\$ 1,334,931
Conservation, education and other	3,149,490	4,358,289
Unconditional promises to give before present value discount and allowance	3,933,084	5,693,220
Less present value discount	(2,909)	(64,920)
Less allowance for doubtful accounts	(25,000)	(25,000)
Promises to give, net	<u>\$ 3,905,175</u>	<u>\$ 5,603,300</u>
Amounts due in:		
Less than one year	\$ 1,388,165	\$ 1,674,828
One to five years	2,544,919	4,018,392
	<u>\$ 3,933,084</u>	<u>\$ 5,693,220</u>

Note 4. Investments

Investments owned by the Aquarium consist of the following at December 31, 2020 and 2019:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 1,596,194	\$ 1,596,215	\$ 123,537	\$ 123,537
Mutual funds	28,590,932	34,123,204	30,446,523	33,171,313
Real estate fund	1,500,000	1,533,368	1,500,000	1,514,957
	<u>\$ 31,687,126</u>	<u>\$ 37,252,787</u>	<u>\$ 32,070,060</u>	<u>\$ 34,809,807</u>

Investment income is as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Net unrealized and realized gains	\$ 4,388,822	\$ 5,499,461
Interest and dividends on investments	487,193	694,120
Investment fees	(82,400)	(80,285)
	4,793,615	6,113,296
Interest income on notes receivable	182,442	166,645
Total investment income	<u>\$ 4,976,057</u>	<u>\$ 6,279,941</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements

The Aquarium defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Aquarium's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by the Aquarium:

Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: The Aquarium's interest rate swap is observable at commonly quoted intervals for the full term of the swap and therefore is considered a Level 2 item.

Level 3: Not applicable.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table classifies all investments into the hierarchy set forth by the ASC 820. The table includes those investments that are held and managed by the Aquarium measured at fair value on a recurring basis by level within the hierarchy at December 31, 2020 and 2019:

	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mutual funds (a):								
International	\$ 6,718,708	\$ -	\$ -	\$ 6,718,708	\$ 6,369,878	\$ -	\$ -	\$ 6,369,878
Fixed income	9,212,074	-	-	9,212,074	9,539,659	-	-	9,539,659
Value	16,596,697	-	-	16,596,697	16,112,827	-	-	16,112,827
Real estate	54,552	-	-	54,552	63,215	-	-	63,215
Global hard asset	1,541,173	-	-	1,541,173	1,085,734	-	-	1,085,734
Total investments at fair value	<u>\$ 34,123,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>34,123,204</u>	<u>\$ 33,171,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>33,171,313</u>
Real estate fund (b)				1,533,368				1,514,957
Total investments				<u>\$ 35,656,572</u>				<u>\$ 34,686,270</u>
Interest rate swap	\$ -	\$ 2,125,825	\$ -	\$ 2,125,825	\$ -	\$ 714,002	\$ -	\$ 714,002
Total liabilities	<u>\$ -</u>	<u>\$ 2,125,825</u>	<u>\$ -</u>	<u>\$ 2,125,825</u>	<u>\$ -</u>	<u>\$ 714,002</u>	<u>\$ -</u>	<u>\$ 714,002</u>

- (a) Mutual funds are investments made through managed accounts and hold a variety of equity and debt securities such as U.S. and international stocks, as well as U.S. and international sovereign, agency and corporate debt. These funds are classified as Level 1 investments when the funds are publicly traded.
- (b) In accordance with Subtopic 820-10, as amended by ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Assets Value per Share (or its Equivalent)*, certain investments that were measured at net asset value (NAV) per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The Aquarium excludes cash and cash equivalents from the fair value hierarchy as cash is generally measured at cost. As such, \$1,596,215 and \$123,537 of cash equivalents in the Aquarium's investment portfolio at December 31, 2020 and 2019, respectively, have been excluded from this table.

The Aquarium invests in an entity which is measured at NAV per share, or its equivalents. Information pertaining to this investment is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (c)	<u>\$ 1,533,368</u>	\$ -	None	90 days

- (c) This category includes a partnership which invests in commercial and residential real estate. The fair value of the investment in this category has been estimated using the NAV per share of the investment.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt

The Maryland Industrial Development Financing Authority (MIDFA), on behalf of the Aquarium, issued a tax-exempt revenue refunding bond (National Aquarium in Baltimore Facility 2012 Issue) in the original amount of \$25,980,765. The bond was placed with Bank of America (BofA) as a non-bank qualified private loan. The loan carried a fixed rate of 2.84% through December 31, 2017. Effective January 1, 2018, BofA exercised its right to increase the rate due to a clause in the agreement that provides for a margin rate factor adjustment when there is a change in tax rates. The new fixed rate was 3.45%. Monthly principal and interest payments were scheduled for 10 years over a 13-year amortization table. The maturity date of the underlying bonds was June 2022, when BofA had the ability to call the loan or grant an extension of the current terms.

On December 15, 2015, the Aquarium purchased a building and property to house the future Animal Care and Rescue Center (ACRC property). To purchase the building and property, finance the issuance costs and finance future renovations, a delayed draw term loan up to \$20,000,000 was obtained from Branch Banking and Trust Company (BB&T). The principal balance was subject to a rate of interest per annum equal to the sum of one-month London Interbank Offered Rate (LIBOR) plus 1.15% adjusted on a monthly basis (3.50% at December 31, 2018). Interest on the outstanding principal was due monthly beginning January 1, 2016. Principal payments were due monthly beginning January 1, 2018, and were scheduled for 10 years over a 25-year amortization table. The maturity date was December 15, 2027. In March 2017, the Aquarium drew an additional \$11,866,563 from the delayed draw term loan.

On May 30, 2019, the bond payable and note payable were repaid and refinanced with BB&T. At the time of the repayment, the balances on the bond payable and note payable were \$13,591,733 and \$16,691,037, respectively. The Aquarium issued two tax-exempt floating rate revenue bonds, Series A and Series B, in the amount of \$17,014,000 and \$15,595,000, respectively, totaling \$32,609,000. The balance of the bonds payable was \$29,982,500 and \$31,743,050 at December 31, 2020 and 2019, respectively. Interest on the bonds resets monthly based on 79% of the one-month LIBOR plus 1.35%. The interest rate at December 31, 2020 and 2019, was 1.47% and 2.70%, respectively. The bonds mature on June 1, 2034.

In May 2021, the Aquarium and BB&T (now Truist) agreed to amend both its non-taxable and taxable debts. The amendment spells out the steps to mitigate a failure of the debt service coverage ratio, namely: establish a declining balance debt service reserve fund, increase required liquidity to \$20,000,000 as of June 30, 2021, and increase the reporting requirement to monthly (45 days after the close of each month). The amendment also waives measurement of the debt service coverage ratio at December 31, 2020 and June 30, 2021.

New market tax credit: On March 21, 2017, the Aquarium secured permanent financing related to the renovation of the ACRC property by entering into a transaction structured to qualify for the New Markets Tax Credit (NMTC), as outlined in IRC Section 45(d). As part of the transaction, the Aquarium established two new entities: ACRC Lender, LLC (Lender) and ACRC Lessor, Inc. (Lessor). Lender is a single-member LLC owned by NA and is considered a disregarded entity for income tax purposes. Lessor is a 501(c)(3) nonprofit/nonstock corporation, and is considered a Type II supporting organization under IRC Section 509(a)(3).

On the above NMTC transaction date, the loan agreement for the Aquarium's delayed draw term loan was amended to reduce the maximum principal amount available from \$20,000,000 to \$18,000,000, to revise to \$20,000,000 the Aquarium's Minimum Unrestricted Liquid Assets required to be maintained as of each June 30 and December 31 during the first seven years of the agreement, and to expand the permitted uses of proceeds to include not only the purchase, reconstruction, equipping and furnishing of the ACRC property but funding Lender and Lessor as described immediately below:

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt (Continued)

The Aquarium drew down \$424,681 prior to the NMTC transaction date, and an additional \$11,441,882 at the time of closing. Of the latter amount, the Aquarium contributed \$10,332,500 to Lender via an equity contribution, and \$1,109,382 to Lessor. Lender, acting as the leveraged lender in the NMTC transaction, then loaned \$10,332,500 to an entity serving in the investment fund role for the transaction. Lender's loan receivable earns interest of 1.21% per annum. There are no principal payments due for the first seven years of the agreement. During the years ended December 31, 2020 and 2019, Lender made equity distributions of \$0 and \$143,394, respectively, to the Aquarium.

Lessor entered into loan agreements totaling \$14,700,000 that qualify as qualified low-income community investment (QLICI) loans under the NMTC program. Lessor's loan payable bears interest of 1.42% per annum. The Aquarium agreed to indemnify the qualified community development entity (CDE) investors for any potential tax credit losses.

On June 30, 2017, the Aquarium secured additional permanent financing related to the ACRC property by entering into a second transaction structured to qualify for the NMTC. In this transaction, the Aquarium made an additional equity contribution of \$3,281,040 of loan proceeds to Lender. Lender, acting as the leveraged lender in the transaction, then loaned \$3,281,040 of loan proceeds to an entity serving in the investment fund role of the NMTC transaction. Lender's loan receivable earns interest of 1.21% per annum. There are no principal payments due for the first seven years of the agreement. Total loans receivable under these transactions was \$13,613,540 at December 31, 2020 and 2019.

Lessor entered into loan agreements totaling \$4,704,000 that qualify as QLICI loans under the NMTC program. Lessor's loan payable bears interest of 1.42% per annum. The Aquarium agreed to indemnify the CDE investors for any potential tax credit losses.

Interest rate swap contracts: In May 2019, Aquarium entered into two new interest rate swap agreements related to its issuance of the Series A and Series B bonds with notional amounts totaling \$26,984,250 and \$28,568,745 as of December 31, 2020 and 2019, respectively. Under the terms of the swaps, which expire June 2029, the Aquarium pays a monthly fixed interest rate of 3.07%. The estimated total fair value of these agreements were classified as a liability of \$2,125,825 and \$714,002 in the Aquarium's consolidated statements of financial position as of December 31, 2020 and 2019, respectively. A net loss of \$1,411,823 and \$573,865 was also recognized as of December 31, 2020 and 2019, respectively, and recorded on the consolidated statements of activities.

Notes payable: The Aquarium, received a loan (the Loan) of \$3,770,500 from Truist Bank on April 20, 2020, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The interest rate is 1.0% per annum. The Loan is guaranteed by the Small Business Administration (SBA) and matures on April 20, 2022. There are no application or other fees associated with this Loan. Proceeds may be used to pay compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments, and utility payments. The Aquarium intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, some or all of the Loan may be forgiven if the funds are used for qualifying expenses as described in the CARES Act. The outstanding balance on the loan at December 31, 2020 was \$3,770,500 and is reflected as a liability on the consolidated statement of financial position subject to determination of forgiveness. The Aquarium applied for forgiveness subsequent to year-end and the decision is pending from the SBA.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt (Continued)

The Aquarium received a loan from Truist Bank on June 2, 2020, to provide short-term liquidity. The total amount of the loan is \$710,000 with an interest rate equal to One-Month LIBOR plus 2% per annum. The interest rate at December 31, 2020 was 2.75%. Monthly principal payments will commence on January 1, 2021, with the note maturing on December 1, 2022.

Principal payment requirements on the notes payable, bond payable and deferred draw term loan at December 31, 2020, are due in future years as follows:

	NMTC Notes	Bonds Payable	Notes Payable	Total
Years ending December 31:				
2021	\$ -	\$ 1,817,352	\$ 4,125,500	\$ 5,942,852
2022	-	1,874,604	355,000	2,229,604
2023	-	1,932,600	-	1,932,600
2024	-	1,993,452	-	1,993,452
2025	-	2,057,250	-	2,057,250
Thereafter	19,404,000	20,307,242	-	39,711,242
	19,404,000	29,982,500	4,480,500	53,867,000
Issuance costs, net of amortization	(809,726)	(36,459)	-	(846,185)
	<u>\$ 18,594,274</u>	<u>\$ 29,946,041</u>	<u>\$ 4,480,500</u>	<u>\$ 53,020,815</u>

Interest expense on long-term debt was \$1,331,052 and \$1,379,662 for the years ended December 31, 2020 and 2019, respectively, and is included with debt service expense on the consolidated statements of activities.

Note 7. Capital Lease Obligations

In July 2016, NA entered into a 4D attraction upgrade agreement with Iwerks Entertainment Inc. (Iwerks). The ten-year agreement includes, among other things, a capital lease for equipment related to the 4D movie theater. The agreement requires Iwerks to install the equipment at NA's facility, service the installed equipment and ensure it is maintained in good working order and provide technical support and make emergency service visits as needed. All Iwerks obligations are covered under a single fee and payment schedule in the agreement, effective January 8, 2018. Management determined that the value of the capital lease portion of the agreement was \$1,350,000. This assessment is based on fair value of the equipment installed.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Capital Lease Obligations (Continued)

Total principal payment requirements on the capital lease obligations at December 31, 2020, are due in future years as follows:

Years ending December 31:	
2021	\$ 172,273
2022	205,339
2023	199,352
2024	141,965
2025	147,014
Thereafter	399,717
	<u>\$ 1,265,660</u>

Interest expense relating to the capital leases totaled \$7,212 and \$84,154 for the years ended December 31, 2020 and 2019, respectively, and is included with debt service expense on the consolidated statements of activities.

Note 8. Management and Lease Agreement

In 1987, the Aquarium entered into a management and lease agreement with the mayor and the city council of Baltimore for the purpose of setting forth the rights and obligations of each related to the operation, maintenance and ownership of the Aquarium. Significant provisions of the agreement are as follows:

- The Aquarium set forth its intention to operate the facilities on a self-sustaining basis, dedicating its excess of revenue over expenses for exhibit additions, replacements and renovations.
- The Aquarium is responsible for the operation of the facilities under the general direction of the City.
- The City has legal title to certain of the real and tangible personal property located at the aquarium complex and in the event of the Aquarium's dissolution, obtains title to all other corporate assets.
- The Aquarium is responsible for the maintenance, repair, replacement and upkeep of the exterior of the aquarium complex and all structural elements thereof. In addition, the Aquarium is responsible for the repair and maintenance of property and equipment such as water, electric, sewer, heating and air conditioning apparatus and all machinery, equipment and other fixtures used in connection with the operation of the facilities.
- The Aquarium is responsible for maintaining certain levels of comprehensive general liability, fire and extended coverage insurance as defined by the agreement.
- The original 1987 agreement, which does not require annual rental payments, was amended during 2001 to extend the lease term to 2049. The lease shall automatically renew itself for five successive terms of 10 years each, upon certain conditions being met by both parties, as defined by the agreement.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Line of Credit

The Aquarium's revolving line of credit was amended on June 2, 2020. The amendment increased the total amount of the line to \$3,000,000 with a floating rate of interest equal to One-Month LIBOR plus 200 basis points and established a minimum rate of 2.75%. The interest rate was 2.75% and 2.86% as of December 31, 2020 and 2019, respectively. On November 19, 2020, the Aquarium drew down the entire amount of the line. The balance outstanding was \$3,000,000 and \$0 as of December 31, 2020 and 2019, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2020	2019
NA:		
Capital expansion	\$ 2,631,686	\$ 2,957,738
Conservation and education programs	3,455,273	4,341,034
Aquarium experience	152,726	174,699
Henry Hall activities	75,093	4,500
Total NA	<u>6,314,778</u>	<u>7,477,971</u>
Foundation:		
Henry Hall activities	577,180	518,936
Investment in perpetuity (including amounts above original gift amount totaling \$2,271,172 for both years), the income from which is expendable to support:		
Endowments:		
Aquarium science and medicine	1,483,140	1,348,989
Lecture series	1,328,338	1,154,783
Marine life accessions	1,188,454	1,074,454
Education center	1,033,742	934,529
Professional excellence	601,214	546,469
Total Foundation	<u>6,212,068</u>	<u>5,578,160</u>
	<u>\$ 12,526,846</u>	<u>\$ 13,056,131</u>

The earnings on the net assets with donor restrictions are directed for use by the donors and are accounted for in the donor restricted funds until appropriated by the Aquarium for use in their designated purposes.

The Blaustein Foundation has established endowed funds to provide grants to the Aquarium to finance purchases of aquarium specimens and to support programming activities of the Aquatic Education Resource Center. The original endowments were \$250,000 each and income from the endowments has been used for the intended purposes. Based on need and approval, annual earnings are used for grants to the Aquarium and those earnings in excess of expenditures are to be donor restricted for the designated purposes. The James McBride Endowment of \$149,944, with additional matching support by the Foundation of \$150,000, was established to provide funds for education for professional staff. A donor has established endowed funds in the form of a \$1,007,980 bequest to aid in providing additional veterinary support to the Aquarium.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Net Assets With Donor Restrictions (Continued)

Net assets released from restrictions consisted of the following for the years ended December 31:

	2020	2019
Specific purpose restrictions accomplished:		
Capital expansion	\$ 634,184	\$ 471,410
Conservation and education programs	1,135,770	1,343,859
Aquarium experience	89,947	519,634
Henry Hall activities	88,056	179,397
	<u>1,947,957</u>	<u>2,514,300</u>
Release of appropriations subject to the Aquarium's spending policy:		
Aquarium science and medicine	67,726	64,185
Lecture series	-	54,576
Marine life accessions	48,573	45,774
Education center	42,214	39,687
Professional excellence	27,388	25,813
	<u>185,901</u>	<u>230,035</u>
Total restrictions released	<u>\$ 2,133,858</u>	<u>\$ 2,744,335</u>

Interpretation of relevant law: The Board of the Aquarium has interpreted the Maryland-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Aquarium classifies as net assets for investment in perpetuity: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified as donor restricted net assets under UPMIFA until appropriated for use in accordance with the donor's stipulations.

Return objectives and risk parameters: The Aquarium's objective is to earn a respectable long-term, risk adjusted total rate of return to support the designated programs. The Aquarium recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. The Aquarium targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Aquarium has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designated to serve for long-time horizons based upon long-term expected returns.

Endowment spending policy: The Aquarium will plan for expenditures in its annual budget a maximum of 5% of the rolling average of the market value of the endowment assets over the preceding 12 quarters, with the base adjusted for new capital contributions to the endowment. There may be times when the Aquarium may opt not to take the maximum spending rate but rather to reinvest some of the annual return.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Net Assets With Donor Restrictions (Continued)

The composition of the Aquarium's donor-restricted endowment and non-endowment funds at December 31, 2020 and 2019, is as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,634,888	\$ 5,634,888
Non-endowment funds	66,406,225	6,891,958	73,298,183
Total funds	<u>\$ 66,406,225</u>	<u>\$ 12,526,846</u>	<u>\$ 78,933,071</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,059,224	\$ 5,059,224
Non-endowment funds	85,077,537	7,996,907	93,074,444
Total funds	<u>\$ 85,077,537</u>	<u>\$ 13,056,131</u>	<u>\$ 98,133,668</u>

Changes in endowment net assets for the fiscal years ended December 31, 2020 and 2019, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 5,059,224	\$ 5,059,224
Investment return, net	-	761,565	761,565
Appropriation of endowment assets for expenditures	-	(185,901)	(185,901)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 5,634,888</u>	<u>\$ 5,634,888</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 4,351,267	\$ 4,351,267
Investment return, net	-	937,992	937,992
Appropriation of endowment assets for expenditures	-	(230,035)	(230,035)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 5,059,224</u>	<u>\$ 5,059,224</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Employee Benefit Plans

The Aquarium has a 401(k) plan for employees which provides for an employer match of participant contributions and the option to make discretionary employer contributions. In 2019, the Aquarium matched 50% of participant contributions up to 3% total. In 2020, the Aquarium continued matching 3% until March 29, 2020. Effective March 29, 2020, the Aquarium discontinued its employee match for the balance of the year. No discretionary contributions were made in 2020 or 2019. The 401(k) plan expense was \$52,031 and \$178,278 for the years ended December 31, 2020 and 2019, respectively. The Aquarium also has a 457(f) plan. The Aquarium made contributions of approximately \$25,000 and \$26,000 to this plan for the years ended December 31, 2020 and 2019, respectively.

Plan assets for the 457(f) plan are not held in trust for plan participants but remain the property of the employer and are therefore recorded as equal amounts of accounts payable and accrued expenses liabilities and other assets in the consolidated statements of financial position.

Note 12. Commitments and Contingencies

Commitments: The Aquarium leases office, warehouse, aquatic tank space and an exhibit under operating lease agreements which expire through May 2033. Total expense for these leases was \$716,721 and \$699,242 for the years ended December 31, 2020 and 2019, respectively.

Approximate future minimum annual payments under all noncancellable leases are as follows:

Years ending December 31:	
2021	\$ 503,075
2022	515,707
2023	589,106
2024	646,098
2025	660,590
Thereafter	5,384,394
	<u>\$ 8,298,970</u>

Litigation: Lawsuits and claims are filed from time to time against the Aquarium in the ordinary course of business. The Aquarium, after reviewing developments to date with legal counsel, is of the opinion that the outcome of such matters will not have a material adverse effect on the Aquarium's consolidated financial statements.

Power purchase agreement: In July 2014, NA entered into a power purchase agreement with Constellation NewEnergy, Inc., committing NA to purchasing all of the energy output of a specifically identified solar facility completed in the second quarter of 2015. The solar facility output serves as a price component for a blended fixed rate on all electricity consumption of the Aquarium (excluding the animal care and rescue center) through March 2040. The established rate per megawatt hour is subject to an annual 2.9% increase through the fixed rate period which ended December 2020. The pricing from January 2021 to March 2040 is on a pass-through model based on variables described in the agreement.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Commitments and Contingencies (Continued)

Self-insurance program: The Aquarium maintains a self-insured medical plan for the benefit of its employees. The medical plan is administered through a contractual relationship with an unrelated company. The Aquarium is responsible for all claims incurred up to the amount of its stop loss insurance, which it maintains on both a per employee basis and in the aggregate. The Aquarium's expense under the self-insured medical plan amounted to \$670,924 and \$1,119,801 for the years ended December 31, 2020 and 2019, respectively. The Aquarium includes a provision for estimated claims of \$72,079 and \$99,533 in accounts payable and accrued expenses on the consolidated statements of financial position, as of December 31, 2020 and 2019, respectively.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
National Aquarium, Inc.

We have audited the consolidated financial statements of National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium), as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated June 8, 2021, which contained an unmodified opinion on those consolidated financial statements (see pages 1 and 2). Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating information is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Baltimore, Maryland
June 8, 2021

National Aquarium, Inc. and Subsidiaries

Consolidating Statements of Financial Position December 31, 2020 and 2019

	2020					
	National Aquarium, Inc.	National Aquarium Foundation, Inc.	ACRC Lender, LLC	ACRC Lessor, Inc.	Eliminations	Total
Assets						
Cash and cash equivalents	\$ 7,196,240	\$ -	\$ 147,035	\$ 44,493	\$ -	\$ 7,387,768
Restricted cash	227,027	-	-	163,523	-	390,550
Promises to give, net	3,905,175	-	-	-	-	3,905,175
Grants receivable	368,783	-	-	-	-	368,783
Prepaid expenses	297,159	-	-	335,000	-	632,159
Other assets	372,541	16,602	94,204	-	-	483,347
Due from affiliate	208,208	-	-	-	(208,208)	-
Investments	-	37,252,787	-	-	-	37,252,787
Loans receivable	-	-	13,613,540	-	-	13,613,540
Investment in subsidiary	13,852,798	-	-	-	(13,852,798)	-
	<u>26,427,931</u>	<u>37,269,389</u>	<u>13,854,779</u>	<u>543,016</u>	<u>(14,061,006)</u>	<u>64,034,109</u>
Property and equipment:						
Land	1,362,888	-	-	-	-	1,362,888
Furniture, fixtures and office equipment	13,366,172	-	-	-	-	13,366,172
Other equipment	15,563,742	-	-	-	-	15,563,742
Building and leasehold improvements	177,124,302	-	-	18,596,456	-	195,720,758
Construction in progress	1,036,283	-	-	-	-	1,036,283
	<u>208,453,387</u>	<u>-</u>	<u>-</u>	<u>18,596,456</u>	<u>-</u>	<u>227,049,843</u>
Less accumulated depreciation	(143,126,863)	-	-	(1,702,407)	-	(144,829,270)
Property and equipment, net	<u>65,326,524</u>	<u>-</u>	<u>-</u>	<u>16,894,049</u>	<u>-</u>	<u>82,220,573</u>
Total assets	<u>\$ 91,754,455</u>	<u>\$ 37,269,389</u>	<u>\$ 13,854,779</u>	<u>\$ 17,437,065</u>	<u>\$ (14,061,006)</u>	<u>\$ 146,254,682</u>
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 3,389,637	\$ -	\$ -	\$ 450,028	\$ -	\$ 3,839,665
Accrued salaries and benefits	599,726	-	-	-	-	599,726
Due to affiliate	-	208,208	-	-	(208,208)	-
Deferred revenue	2,903,597	-	-	-	-	2,903,597
Deferred rent	566,323	-	-	-	-	566,323
Capital lease obligations	1,265,660	-	-	-	-	1,265,660
Interest rate swap	2,125,825	-	-	-	-	2,125,825
Line of credit	3,000,000	-	-	-	-	3,000,000
Notes payable	4,480,500	-	-	-	-	4,480,500
New market tax credit loan, net of unamortized issuance costs	-	-	-	18,594,274	-	18,594,274
Bonds payable, net of unamortized issuance costs	29,946,041	-	-	-	-	29,946,041
Total liabilities	<u>48,277,309</u>	<u>208,208</u>	<u>-</u>	<u>19,044,302</u>	<u>(208,208)</u>	<u>67,321,611</u>
Net assets:						
Without donor restrictions	37,162,368	30,849,113	13,854,779	(1,607,237)	(13,852,798)	66,406,225
With donor restrictions	6,314,778	6,212,068	-	-	-	12,526,846
Total net assets	<u>43,477,146</u>	<u>37,061,181</u>	<u>13,854,779</u>	<u>(1,607,237)</u>	<u>(13,852,798)</u>	<u>78,933,071</u>
Total liabilities and net assets	<u>\$ 91,754,455</u>	<u>\$ 37,269,389</u>	<u>\$ 13,854,779</u>	<u>\$ 17,437,065</u>	<u>\$ (14,061,006)</u>	<u>\$ 146,254,682</u>

2019

	National Aquarium, Inc.	National Aquarium Foundation, Inc.	ACRC Lender, LLC	ACRC Lessor, Inc.	Eliminations	Total
\$	9,325,513	\$ -	\$ 3,444	\$ 24,167	\$ -	\$ 9,353,124
	1,000,000	-	-	206,166	-	1,206,166
	5,603,300	-	-	-	-	5,603,300
	496,015	-	-	-	-	496,015
	447,292	-	-	435,000	-	882,292
	528,120	15,065	72,360	-	-	615,545
	249,098	-	-	-	(249,098)	-
	-	34,809,807	-	-	-	34,809,807
	-	-	13,613,540	-	-	13,613,540
	13,687,343	-	-	-	(13,687,343)	-
	31,336,681	34,824,872	13,689,344	665,333	(13,936,441)	66,579,789
	1,362,888	-	-	-	-	1,362,888
	12,851,950	-	-	-	-	12,851,950
	14,631,495	-	-	-	-	14,631,495
	177,021,876	-	-	18,596,456	-	195,618,332
	1,235,432	-	-	-	-	1,235,432
	207,103,641	-	-	18,596,456	-	225,700,097
	(133,716,504)	-	-	(1,082,525)	-	(134,799,029)
	73,387,137	-	-	17,513,931	-	90,901,068
\$	104,723,818	\$ 34,824,872	\$ 13,689,344	\$ 18,179,264	\$ (13,936,441)	\$ 157,480,857
\$	1,986,641	\$ -	\$ -	\$ 306,688	\$ -	\$ 2,293,329
	1,037,516	-	-	-	-	1,037,516
	-	249,098	-	-	(249,098)	-
	3,686,089	-	-	-	-	3,686,089
	437,800	-	-	-	-	437,800
	1,106,275	-	-	-	-	1,106,275
	714,002	-	-	-	-	714,002
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	18,368,304	-	18,368,304
	31,703,874	-	-	-	-	31,703,874
	40,672,197	249,098	-	18,674,992	(249,098)	59,347,189
	56,573,650	28,997,614	13,689,344	(495,728)	(13,687,343)	85,077,537
	7,477,971	5,578,160	-	-	-	13,056,131
	64,051,621	34,575,774	13,689,344	(495,728)	(13,687,343)	98,133,668
\$	104,723,818	\$ 34,824,872	\$ 13,689,344	\$ 18,179,264	\$ (13,936,441)	\$ 157,480,857

National Aquarium, Inc. and Subsidiaries

Consolidating Statement of Activities Year Ended December 31, 2020

	National Aquarium, Inc.			National Aquarium Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Admissions	\$ 10,728,751	\$ -	\$ 10,728,751	\$ -	\$ -	\$ -
Contributions and grants	6,378,928	762,458	7,141,386	-	-	-
General and corporate membership programs	3,506,050	-	3,506,050	-	-	-
Education program	311,003	-	311,003	-	-	-
Group sales	344,442	-	344,442	-	-	-
Gift shop and food service	662,826	-	662,826	-	-	-
Auxiliary	657,817	-	657,817	-	-	-
Catered events	229,933	-	229,933	-	-	-
Intercompany grants	2,170,500	-	2,170,500	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions	1,641,467	(1,641,467)	-	208,207	(208,207)	-
Satisfaction of equipment acquisition restrictions	284,184	(284,184)	-	-	-	-
Total revenue, gains and other support	26,915,901	(1,163,193)	25,752,708	208,207	(208,207)	-
Expenses:						
Programs:						
Aquarium experience	25,855,205	-	25,855,205	1,050,000	-	1,050,000
Conservation and education	5,181,319	-	5,181,319	1,258,208	-	1,258,208
Total program expenses	31,036,524	-	31,036,524	2,308,208	-	2,308,208
Supporting services:						
General and administrative	4,683,513	-	4,683,513	-	-	-
Fundraising and membership	4,945,394	-	4,945,394	-	-	-
Advertising and promotions	3,392,574	-	3,392,574	-	-	-
Total supporting services expenses	13,021,481	-	13,021,481	-	-	-
Total expenses	44,058,005	-	44,058,005	2,308,208	-	2,308,208
Change in net assets before other financial items	(17,142,104)	(1,163,193)	(18,305,297)	(2,100,001)	(208,207)	(2,308,208)
Investment income, net	182,442	-	182,442	3,951,500	842,115	4,793,615
Loss on interest rate swap contract	(1,411,823)	-	(1,411,823)	-	-	-
Debt service	(1,051,712)	-	(1,051,712)	-	-	-
Gain on disposition of property	11,915	-	11,915	-	-	-
Loss on extinguishment of interest rate swap contract	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-
Total other financial items	(2,269,178)	-	(2,269,178)	3,951,500	842,115	4,793,615
Change in net assets	(19,411,282)	(1,163,193)	(20,574,475)	1,851,499	633,908	2,485,407
Net assets:						
Beginning	56,573,650	7,477,971	64,051,621	28,997,614	5,578,160	34,575,774
Ending	\$ 37,162,368	\$ 6,314,778	\$ 43,477,146	\$ 30,849,113	\$ 6,212,068	\$ 37,061,181

ACRC Lender, LLC		ACRC Lessor, Inc.		Eliminations			Total		
Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,728,751	\$ -	\$ 10,728,751		
-	-	-	-	-	6,378,928	762,458	7,141,386		
-	-	-	-	-	3,506,050	-	3,506,050		
-	-	-	-	-	311,003	-	311,003		
-	-	-	-	-	344,442	-	344,442		
-	-	-	-	-	662,826	-	662,826		
-	200,500	(200,500)	-	(200,500)	657,817	-	657,817		
-	-	-	-	-	229,933	-	229,933		
-	-	(2,170,500)	-	(2,170,500)	-	-	-		
-	-	-	-	-	1,849,674	(1,849,674)	-		
-	-	-	-	-	284,184	(284,184)	-		
-	200,500	(2,371,000)	-	(2,371,000)	24,953,608	(1,371,400)	23,582,208		
-	690,382	(1,321,000)	-	(1,321,000)	26,274,587	-	26,274,587		
-	-	(1,050,000)	-	(1,050,000)	5,389,527	-	5,389,527		
-	690,382	(2,371,000)	-	(2,371,000)	31,664,114	-	31,664,114		
20	113,600	-	-	-	4,797,133	-	4,797,133		
-	-	-	-	-	4,945,394	-	4,945,394		
-	-	-	-	-	3,392,574	-	3,392,574		
20	113,600	-	-	-	13,135,101	-	13,135,101		
20	803,982	(2,371,000)	-	(2,371,000)	44,799,215	-	44,799,215		
(20)	(603,482)	-	-	-	(19,845,607)	(1,371,400)	(21,217,007)		
165,455	-	(165,455)	-	(165,455)	4,133,942	842,115	4,976,057		
-	-	-	-	-	(1,411,823)	-	(1,411,823)		
-	(508,027)	-	-	-	(1,559,739)	-	(1,559,739)		
-	-	-	-	-	11,915	-	11,915		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
165,455	(508,027)	(165,455)	-	(165,455)	1,174,295	842,115	2,016,410		
165,435	(1,111,509)	(165,455)	-	(165,455)	(18,671,312)	(529,285)	(19,200,597)		
13,689,344	(495,728)	(13,687,343)	-	(13,687,343)	85,077,537	13,056,131	98,133,668		
\$ 13,854,779	\$ (1,607,237)	\$ (13,852,798)	\$ -	\$ (13,852,798)	\$ 66,406,225	\$ 12,526,846	\$ 78,933,071		

National Aquarium, Inc. and Subsidiaries

Consolidating Statement of Activities Year Ended December 31, 2019

	National Aquarium, Inc.			National Aquarium Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Admissions	\$ 24,621,367	\$ -	\$ 24,621,367	\$ -	\$ -	\$ -
Contributions and grants	5,558,632	7,116,606	12,675,238	-	-	-
General and corporate membership programs	5,254,743	-	5,254,743	-	-	-
Education program	1,776,764	-	1,776,764	-	-	-
Group sales	1,716,021	-	1,716,021	-	-	-
Gift shop and food service	1,857,170	-	1,857,170	-	-	-
Auxiliary	1,886,371	-	1,886,371	-	-	-
Catered events	645,780	-	645,780	-	-	-
Intercompany grants	1,000,000	-	1,000,000	115,000	-	115,000
Net assets released from restrictions:						
Satisfaction of program restrictions	2,023,827	(2,023,827)	-	249,098	(249,098)	-
Satisfaction of equipment acquisition restrictions	471,410	(471,410)	-	-	-	-
Total revenue, gains and other support	46,812,085	4,621,369	51,433,454	364,098	(249,098)	115,000
Expenses:						
Programs:						
Aquarium experience	29,039,781	-	29,039,781	493,301	-	493,301
Conservation and education	7,464,040	-	7,464,040	749,098	-	749,098
Total program expenses	36,503,821	-	36,503,821	1,242,399	-	1,242,399
Supporting services:						
General and administrative	4,836,553	-	4,836,553	-	-	-
Fundraising and membership	5,280,948	-	5,280,948	-	-	-
Advertising and promotions	3,484,000	-	3,484,000	-	-	-
Total supporting services expenses	13,601,501	-	13,601,501	-	-	-
Total expenses	50,105,322	-	50,105,322	1,242,399	-	1,242,399
Change in net assets before other financial items	(3,293,237)	4,621,369	1,328,132	(878,301)	(249,098)	(1,127,399)
Investment income, net	1,453	-	1,453	5,101,315	1,011,981	6,113,296
Income on investment in subsidiary	165,191	-	165,191	-	-	-
Loss on interest rate swap contract	(573,865)	-	(573,865)	-	-	-
Debt service	(1,189,923)	-	(1,189,923)	-	-	-
Gain on disposition of property	162,899	-	162,899	-	-	-
Loss on extinguishment of interest rate swap contract	(525,166)	-	(525,166)	-	-	-
Loss on extinguishment of debt	(536,106)	-	(536,106)	-	-	-
Total other financial items	(2,495,517)	-	(2,495,517)	5,101,315	1,011,981	6,113,296
Change in net assets	(5,788,754)	4,621,369	(1,167,385)	4,223,014	762,883	4,985,897
Net assets:						
Beginning	62,362,404	2,856,602	65,219,006	24,774,600	4,815,277	29,589,877
Equity distribution (Note 6)	-	-	-	-	-	-
Ending	\$ 56,573,650	\$ 7,477,971	\$ 64,051,621	\$ 28,997,614	\$ 5,578,160	\$ 34,575,774

ACRC Lender, LLC		ACRC Lessor, Inc.		Eliminations		Total	
Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,621,367	\$ -	\$ 24,621,367
-	-	-	-	-	5,558,632	7,116,606	12,675,238
-	-	-	-	-	5,254,743	-	5,254,743
-	-	-	-	-	1,776,764	-	1,776,764
-	-	-	-	-	1,716,021	-	1,716,021
-	-	-	-	-	1,857,170	-	1,857,170
-	174,167	(174,167)	-	(174,167)	1,886,371	-	1,886,371
-	-	-	-	-	645,780	-	645,780
-	(22,999)	(1,092,001)	-	(1,092,001)	-	-	-
-	-	-	-	-	2,272,925	(2,272,925)	-
-	-	-	-	-	471,410	(471,410)	-
-	151,168	(1,266,168)	-	(1,266,168)	46,061,183	4,372,271	50,433,454
-	619,877	(174,167)	-	(174,167)	29,978,792	-	29,978,792
-	-	(1,092,001)	-	(1,092,001)	7,121,137	-	7,121,137
-	619,877	(1,266,168)	-	(1,266,168)	37,099,929	-	37,099,929
-	113,483	-	-	-	4,950,036	-	4,950,036
-	-	-	-	-	5,280,948	-	5,280,948
-	-	-	-	-	3,484,000	-	3,484,000
-	113,483	-	-	-	13,714,984	-	13,714,984
-	733,360	(1,266,168)	-	(1,266,168)	50,814,913	-	50,814,913
-	(582,192)	-	-	-	(4,753,730)	4,372,271	(381,459)
165,192	-	-	-	-	5,267,960	1,011,981	6,279,941
-	-	(165,191)	-	(165,191)	-	-	-
-	-	-	-	-	(573,865)	-	(573,865)
-	(506,568)	-	-	-	(1,696,491)	-	(1,696,491)
-	-	-	-	-	162,899	-	162,899
-	-	-	-	-	(525,166)	-	(525,166)
-	-	-	-	-	(536,106)	-	(536,106)
165,192	(506,568)	(165,191)	-	(165,191)	2,099,231	1,011,981	3,111,212
165,192	(1,088,760)	(165,191)	-	(165,191)	(2,654,499)	5,384,252	2,729,753
13,667,546	593,032	(13,665,546)	-	(13,665,546)	87,732,036	7,671,879	95,403,915
(143,394)	-	143,394	-	143,394	-	-	-
\$ 13,689,344	\$ (495,728)	\$ (13,687,343)	\$ -	\$ (13,687,343)	\$ 85,077,537	\$ 13,056,131	\$ 98,133,668